

## **Outline of Contents**

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#### **I. Rate Filings (General)**

##### **CHAPTER 175A: Regulation of Rates for Certain Casualty Insurance, including Fidelity, Surety and Guaranty Bonds, and for all other forms of Motor Vehicle Insurance, and Regulation of Rating Organizations**

#### **I. A. 1. Chapter 175A, section 4: Application; exceptions**

##### **Applicability**

This chapter shall apply to risks and operations in this Commonwealth insured by insurance companies authorized to transact business in this Commonwealth under subdivisions (d), (e) and (f) of the 2nd clause, under the 3<sup>rd</sup>, 4<sup>th</sup>, and 5<sup>th</sup> clauses, under subdivisions (b), and (c) of the 6th clause, and under the 7<sup>th</sup>, 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup> and 12<sup>th</sup> clauses of MGL c. 175, s. 47, even though such risks or operations are covered by policies or contracts of insurance issued pursuant to MGL c. 175, s. 22A providing coverage under the aforementioned and any other clauses or subdivisions, other than subdivision (e) of the 6<sup>th</sup> clause, of MGL c. 175, s. 47, as part of the coverage thereof, insure real or personal property against loss or damage by fire at residential locations or which, as part of the coverage thereof, insure the output of a manufacturer against such loss or damage by fire at locations other than his manufacturing premises. This chapter shall also apply to insured legal services plans and membership legal services plans under the provisions of MGL c. 176H, and to regulation of rates for such motor vehicle insurance as is provided through the plan approved under MGL c. 175, s. 113H.

##### **Non-Applicability**

The provisions of this chapter shall not apply to reinsurance other than joint reinsurance to the extent stated in section 13, nor to insurance against loss of or damage to aircraft or against liability arising out of the ownership, maintenance or use of aircraft, nor to motor vehicle liability insurance coverage which is subject to the provisions of MGL c. 175, s. 113B, including those coverages described in MGL c. 90, s. 34A and MGL c. 175, s. 113C except as provided through a plan approved under MGL c. 175, s. 113H.

If any kind of insurance, subdivision or combination thereof, or type of coverage, subject to this chapter, is also subject to regulation by another rate regulatory law of this

Commonwealth, an insurer to which both laws are otherwise applicable shall file with the Commissioner a designation as to which rate regulatory law shall be applicable to it with respect to such kind of insurance, subdivision or combination thereof, or type of coverage.

**ALL STATUTORY SECTIONS CITED ABOVE SHOULD BE REVIEWED TO DETERMINE THE APPLICABILITY OF THIS SECTION TO THE FILING.**

**II. A. 2. Chapter 175A, section 5: Rates; Regulatory Provisions; Insurance Company Groups**

**Factors In Making Rates For Coverages Specified In Chapter 175A, section 4**

Coverages specified in section 4 of chapter 175A shall have their rates made in accordance with the following provisions:

1. Due consideration shall be given to past and prospective loss experience, within and outside this Commonwealth, to catastrophe hazards, if any, to a reasonable margin for underwriting profit and contingencies, to investment income on unearned premium reserves and loss reserves, to dividends, savings or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members or subscribers, to past and prospective expenses both countrywide and those specially applicable to this Commonwealth, and to all other relevant factors within and outside this Commonwealth.
2. The systems of expense provisions included in the rates for use by any insurer or group of insurers may differ from those of other insurers or groups of insurers to reflect the requirements of the operating methods of any such insurer or group with respect to any kind of insurance, or with respect to any subdivision or combination thereof for which subdivision or combination separate expense provisions are applicable.
3. Risks may be grouped by classifications for the establishment of rates and minimum premiums. Classification rates may be modified to produce rates for individual risks in accordance with rating plans which establish standards for measuring variations in hazards or expense provisions, or both. Such standards may measure any differences among risks that can be demonstrated to have a probable effect upon losses or expenses.
4. Rates shall not be excessive, inadequate or unfairly discriminatory.

**Uniformity Among Insurers**

Except to the extent necessary to meet the provisions of subdivision 4 above, uniformity among insurers in any matters within the scope of this section is neither required nor prohibited.

**Classifications**

Nothing in this section shall be taken to prohibit as unreasonable or unfairly discriminatory the establishment of classifications or modifications of classifications or risks based upon size, expense, management, individual experience, purpose of insurance, location or dispersion of hazard, or any other reasonable considerations, provided such classifications and modifications apply to all risks under the same or substantially similar circumstances or conditions.

### **Filings by Insurance Company Groups or Similar Insurance Trade Designation**

Two (2) or more insurers who by virtue of their business associations in the United States represent themselves to be or are customarily known as an "insurance company group," or similar insurance trade designation, shall have the right to make the same filings or to use the same rates for each such insurer subject to the provisions of subdivisions 1 to 4, inclusive, of subsection (a) of this section; and nothing contained in this chapter shall be construed to prohibit an agreement to make the same filings or use the same rates and concerted action in connection with such filings or rates by such insurers.

This subsection shall not apply to 2 or more insurers who are not under the same common executive or general management or control and who act in concert in underwriting groups or pools.

### **III. A. 3. Chapter 175A, section 6: Rules, rates, classifications; filing with Commissioner; waiver of filing; excessive rate on specific risk; approval.**

#### **What Must Be Filed**

\_\_\_\_\_ Every insurer shall file with the Commissioner or his designated representative every manual of classifications, rules and rates, every rating plan and every modification of any of the foregoing which it proposes to use.

#### **Time For Filing**

\_\_\_\_\_ Every such filing shall be made with the Commissioner at least 15 days prior to the proposed effective date thereof and shall indicate the character and extent of coverage contemplated and the extent and nature of any change in rates, rating plans or premium charges. The Commissioner may by order delay the effective date for not more than 30 additional days in any case where he determines such delay is needed to properly examine the filing and any supporting information filed as requested or to permit a hearing thereon; provided further, however, that, if such filing is made by a medical malpractice insurer with respect to medical malpractice insurance, the Commissioner may further delay the effective date of such filing for not more than 90 additional days.

#### **Nature Of Information To Support Filing**

The Commissioner may require such insurer to furnish the information upon which it supports such filing. Any filing may be supported by (1) the experience or judgment of the insurer or rating organization making the filing, (2) the experience of other insurers or

rating organizations, or (3) any other factors which the insurer or rating organization deems relevant. A filing and any supporting information shall be open to public inspection after the filing becomes effective.

**Methodology, Actuarial Support, and Justification of the Filing:**

In reference to the above, examples of experience or judgment may be: three-year expense exhibits, five year premium/loss history exhibits, judgment rates, A-Rates, Competitors' rates, countrywide experience, or other experience. Please indicate the type of information you are submitting by placing a checkmark next to the designated information for the filing.

☐ Five-Year Premium/Loss Experience Exhibit

☐ Three-Year Expense Exhibit

☐ Judgment Rates

☐ A-Rates

☐ Competitors' Rates, please indicate the competitor names of the cited data used in determining the rates in the spaced below:

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_,  
\_\_\_\_\_

☐ Countrywide Experience (Please indicate the specific form of countrywide data utilized in for the proposed rates in this filing).

☐ Other experience or data (Please indicate the specific data and criteria used).

Please note that the introduction of a new product to the market does not preclude the requirements for the filer to provide the above referenced exhibits and justification. In these instances, filers use either countrywide experience, competitor's data, rating bureau material, or other sources. In rare occasions where the product being introduced is unique and no such information is available, then a waiver may be considered. In most cases, filings that do not contain the appropriate justification may be subject to rejection or disapproval.

If there is no applicable data or no citation or adoption of competitors' or countrywide data, please state so and check the provision below.

☐ We hereby certify that the proposed rates for this program were calculated using judgment and actuarial projections. Due to the nature of this program, premium/loss experience and expense history is unavailable at this time. As data becomes available, we will submit future rate revisions indicating our use of the newly acquired data.

### **Filing Through Rating Organization**

An insurer may satisfy its obligation to make filings by becoming a member of, or a subscriber to, a licensed rating organization which makes such filings, and by authorizing the Commissioner to accept such filings on its behalf; provided, that nothing contained in this chapter shall be construed as requiring any insurer to become a member of or a subscriber to any rating organization.

### **Changes in Filing Requirements/Examination by Commissioner**

Under such rules and regulations as she shall adopt the Commissioner may, by written order, suspend or modify the requirement of filing as to any kind of insurance, subdivision or combination thereof, or as to classes of risks, the rates for which cannot practically be filed before they are used. Such orders, rules and regulations shall be made known to insurers and rating organizations affected thereby. The Commissioner may make such examination, as she may deem advisable to ascertain whether any rates affected by such order are excessive, inadequate or unfairly discriminatory.

### **Excess Rates**

Upon the written application of the insured, stating his reasons therefore, filed with and approved by the Commissioner, a rate in excess of that provided by a filing otherwise applicable may be used on any specific risk.

### **What Filings May Consist Of**

Filings may consist of manuals of classifications, rules and rates, and rating plans providing for indivisible rate or single premium for policies or contracts of insurance, including policies or contracts of insurance issued by such insurers under the authority of MGL c. 175, s. 22A and providing coverage against the hazards specified in more than one of the clauses or subdivisions of MGL c. 175, s. 47.

### **Unfair and Deceptive Trade Practices:**

\_\_\_\_\_ Any filing not in compliance with the above referenced requirements may be deemed to be in violation of the provisions of Chapter 176D of the Massachusetts General Laws. We hereby certify that the provisions set forth in this filing do not entail any intentional unfair and deceptive trade practices. Furthermore, we understand that we are subject to the penalties associated with practices that are in clear violation of this statute.

**Required Abstract Forms:** insert hyperlink to the abstract form